



Norman H. Bangerter
Governor

Dee C. Hansen
Executive Director

Dianne R. Nielson, Ph.D.
Division Director

State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340

July 8, 1988

Mr. James R. Jennings
United States Gypsum Company
P.O. Box 120
Sigurd, Utah 84657

Dear Mr. Jennings:

Re: Final Approval, Jumbo-Jensen Quarry, Mine and Reclamation Plan,
M/041/008, Sevier County, Utah

The Board of Oil, Gas and Mining approved the Collateral bond in the amount of \$216,700.00 for the Jumbo-Jensen Quarry on May 26, 1988. Final approval of the mine and reclamation plan is hereby granted by the Division.

One of the two signed agreements is enclosed for your records. Please note that the letter of credit must be renewed or replaced at least 90 days prior to the May 1, 1993 expiration date.

Thank you for your cooperation. Please contact me or Wayne Hedberg of my staff if you should have any questions.

Sincerely,

for Lowell P. Braxton
Administrator,
Mineral Resource Development
and Reclamation Program

jb
Enclosure
cc: W. Hedberg
F. Filas
84/1

State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
3 Triad Center, Suite 350
355 West North Temple
Salt Lake City, Utah 84180-1203
(801) 538-5340

COLLATERAL BONDING AND INDEMNITY AGREEMENT

THIS COLLATERAL BONDING AND INDEMNITY AGREEMENT entered into by and between United States Gypsum Company (hereinafter referred to as "Operator") and the Utah Division of Oil, Gas and Mining (hereinafter referred to as "Division"),

W I T N E S S E T H

WHEREAS, the Operator has obtained Program Permit No. ACT/041/008 (hereinafter referred to as "Permit") from the Division to conduct mining and reclamation activities at the Jumbo-Jensen Quarry in Sevier County, Utah, as a mine under the Utah Mined Land Reclamation Act, Utah Code Annotated, 40-8-1, et seq, 1953, as amended ("Act") and implementing regulations; on the disturbed areas designated in Exhibit A; and

WHEREAS, the Operator wishes to obtain a bond under 40-8-14(3); and

WHEREAS, the Operator has provided a Letter of Credit issued by First Interstate Bank (Exhibit B), naming the Division as Beneficiary, as collateral to secure this Collateral Bonding and Indemnity Agreement; and

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, the Operator does hereby agree to be held and firmly bonds to the Division for the sum of \$216,700 (1993 year dollars) for the timely performance of reclamation responsibilities for Permit No. ACT/041/008 in lawful money of the United States. By the submission of this Letter of Credit (form of collateral will and truly binds itself, its successors and assigns, jointly and severally, by the conditions of this Agreement.

The conditions of the above obligations are such that:

1. The Operator shall perform all duties and fulfill all requirements applicable to mining and reclamation as set forth in the Act and

6. This Agreement may be terminated upon ninety (90) days prior written notice to the Division if terminated by the Operator or upon ninety (90) days written notice to the Operator if terminated by the Division. Upon such written notification, the Operator will have (90) days to obtain an alternate form of bond to secure reclamation obligations for Permit No. ACT/041/008 in the same amount as stated in this Agreement or amendments thereto.
7. Failure to provide a satisfactory alternative form of bond will result in the complete cessation of all mining operations and the complete reclamation of all disturbed areas within the Jumbo-Jensen Quarry Mine permit area.
8. Any breach of the provisions ~~of paragraph #8~~ ^{June 16, 88} of this Agreement will result in the payment of \$216,700 (Bond Amount) liquidated damages to the Division.
9. This Agreement will be governed and interpreted according to Utah law.

SO AGREED this 27th day of April, 1988.

UNITED STATES GYPSUM COMPANY

By W. H. Hogan Vice President and
Corporate Officer - Position

STATE OF UTAH, DEPARTMENT OF NATURAL
RESOURCES, BOARD OF OIL, GAS AND MINING

By Gregory P. Williams
Gregory P. Williams, Esq.
Chairman, Board of Oil, Gas and Mining

APPROVED AS TO FORM:

[Signature]
Assistant Attorney General

EXHIBIT A

Disturbed areas are designated in Map #1 and Map #2

Map #1 shows disturbed areas in Sevier County, Township 22 S.,
Range 1 W. S.L.M. Sections 14, 15, 21, 22, 23

Map #2 shows disturbed areas in Sevier County, Township 22 S.,
Range 1 W. S.L.M. Sections 28, 29, 32, 33

Acreages of each disturbed mining area are listed in Form MR-1,
Mining and Reclamation Plan



IRREVOCABLE LETTER OF CREDIT

First Interstate Bank of Utah, N.A.
180 South Main Street
Salt Lake City, Utah 84101
(801) 350-7046

(replaces credit of same number
dated May 4, 1988)

State of Utah
Department of Natural Resources
Division of Oil, Gas & Mining
355 W. North Temple
3 Triad Center, #350
Salt Lake City, UT 84180-1203

May 12, 19 88

All drafts drawn must be marked:

"Drawn Under First Interstate Bank of Utah, N.A. Letter of Credit No. 2702"

GENTLEMEN:

WE HEREBY ESTABLISH OUR IRREVOCABLE LETTER OF CREDIT IN YOUR FAVOR FOR

ACCOUNT OF USG Corporation on behalf of United States Gypsum Co.
(101 So. Wacker Drive, Chicago, IL 60606)

UP TO THE AGGREGATE AMOUNT OF **\$216,700.00**

AVAILABLE BY YOUR DRAFTS AT ...sight..... ON First Interstate Bank of Utah, N.A.

AND ACCOMPANIED BY DOCUMENTS SPECIFIED

BELOW ~~COVERING~~

~~XXXXXX VALUE OF MERCHANTS TO BE RECEIVED XXXXXX~~

Your signed statement certifying that United States Gypsum Company has not performed and fulfilled all requirements under the Utah Mined Land Reclamation Act Utah Code Annotated, 40-8-1 as amended under which permit no. ACT/041/008 has been issued.

It is a condition of this Letter of Credit that it will be automatically extended without amendment for an additional period of twelve months from the present and each future expiration date, but in no case beyond May 1, 1993, unless, not less than ninety (90) days prior to the then-relevant expiration date, we notify you by certified mail, return receipt requested, or courier express, or hand-delivery, that we (Bank) elect not to extend this Credit for any additional period.

WE HEREBY AGREE WITH BONA FIDE HOLDERS THAT ALL DRAFTS DRAWN UNDER AND IN COMPLIANCE WITH THE TERMS OF THIS CREDIT SHALL MEET WITH DUE HONOR UPON PRESENTATION AND DELIVERY OF DOCUMENTS AS SPECIFIED TO THE DRAWEE IF DRAWN AND PRESENTED FOR NEGOTIATION ON OR BEFORE

May 1, 19 89, or any other automatically extended date as hereinbefore set forth, but in no event to extend beyond May 1, 1993, notwithstanding any other provision herein.

"This credit is subject to the Uniform Customs and Practice for Documentary credits (1983 revision), International Chamber of Commerce, Publication no. 400."

First Interstate Bank of Utah, N.A.

CR 12 (10-84)6

BY

Authorized Counter Signature

BY

Authorized Signature